

**MINUTES OF THE
BUSINESS, ECONOMIC DEVELOPMENT, & LABOR
APPROPRIATIONS SUBCOMMITTEE
Room 210, Senate Building**

January 29, 2014

Members Present: Sen. Brian E. Shiozawa, Senate Chairman
Rep. Jim Bird, House Chairman
Rep. Stewart E. Barlow, House Vice Chair
Sen. Curtis S. Bramble
Sen. Wayne A. Harper
Sen. Scott K. Jenkins
Sen. Stuart C. Reid
Sen. Jerry W. Stevenson
Rep. Patrice M. Arent
Rep. James A. Dunnigan
Rep. Jeremy A. Peterson
Rep. Val L. Peterson
Rep. Dixon M. Pitcher
Rep. Angela Romero
Rep. V. Lowry Snow
Rep. Brad R. Wilson

Members Absent: Sen. Gene Davis
Rep. Ryan D. Wilcox

Staff Present: Dr. Andrea Wilko, Chief Economist
Mr. Zackery King, Fiscal Analyst
Ms. Rosemary Young, Committee Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Vice Chair Barlow called the meeting to order at 8:04 a.m.

Department of Commerce

Dr. Wilko, Chief Economist, explained the Department of Commerce budget in SB4, which can be accessed on line by going to this committee on the Legislature home page and clicking on "meeting materials." It was pointed out that the department is fully funded through fees and actually contributes significantly to the General Fund, for example in 2013 a little over \$13M was lapsed to the General Fund. It is being recommended for this agency and others that all expendable revenue funds be brought into an appropriations bill in order to identify off-budget funds. The Department is only asking for 2 fee increases which are based on legislation passed last year.

Francine Giani, Executive Director, accompanied by Peter Anjewierden, Budget Director, using a slide presentation and handout explained the department's vision of contributing to the success of Utah businesses, professionals, and consumers by supporting a favorable economic environment and supporting the public interest by ensuring fair commercial and professional practices. All fees collected by the Department are deposited into the Commerce Service Fund and can only be spent upon appropriation by the legislature. The Department has not asked for a budget increase in over six years even though licenses and registrations have increased 12 % overall. Online services have enabled the Department to absorb these higher numbers without budget increases, and Utah has the lowest fees in the West and some of the lowest fees in the nation. Commerce has reduced its number of vehicles by 30% and out of state travel expenses by 13%

One area of success has been decreasing the 90-day backlog for pharmacy applications to 7 days. Another success is reducing interferences in three sections of Securities. The State Fraud Task Force is an example of cooperation between Departments. The Director reported that staff turnover has not been a recent problem. It was noted that perhaps the Department is over collecting and fees could be reduced.

In response to question Director Giani reported that their most important function is protecting the public and that the Office of Property Rights Ombudsman is not a really good fit to the Department, but that the office does a great service for those who come to them. There was discussion about the Controlled Substance Database and how it's being used. It would be well if it were used more by doctors. The Department is asking for intent language to approve lapsing monies to the Office of Consumer Services, to the Division of Public Utilities and to the Utah Building Code Education Fund.

Department of Heritage and Arts

Dr. Wilko discussed the budget as found in SB4 and the performance measures found in COBI, particularly concerning digitization and circulation numbers for the bookmobile and library for the blind. The request has been made to look at possible reallocation of funds in nonlapsing and restricted fund balances. Such a balance exists in the Division of Arts and Museums set aside for maintaining art in buildings, and there is a potential to reallocate \$700,000 to meet department requests.

Julie Fisher, Executive Director, introduced Brian Somers, Deputy Director, and the other Division directors in the Department, and particularly paid tribute to Kimbal Hale, financial director, who is retiring. She reported that the bookmobile serves 13 counties some of which would not have access to books without the bookmobile. Tooele County dropped out of the service because of budgetary issues . Online book services are being offered and used but

probably won't completely replace paper books. The Utah Braille Library is the largest in the world, certified by The Library of Congress. Twenty-one states pay to use this library.

With a slide presentation the Department reported on their activities, reaching more citizens than ever before primarily through digital assets on line. This newest department has two of the oldest institutions, the historical society and arts council. The Department rebranded and developed a new website design. Archaeological site records from four additional counties have been digitized. More than 20,000 pages of documentation related to the Alice Fine Art Collection have been digitized. The process of digitizing the complete 50-year run of the historic Salt Lake Daily Herald newspaper is nearing completion. State History now offers nearly 500,000 historic images online. Utah State Library circulated 318,422 items to qualified users from the braille library. Utah ranks #1 in the nation for the 8th year in volunteerism, and the national service estimates that volunteer hours contribute \$3.8B to Utah's economy annually. An estimated \$4.4M in annual property tax revenues are generated by investment in historic preservation projects according to the Heritage Foundation. The Native American Summit was discussed. Partnered with the Natural History Museum, the Division of Indian Affairs held its Indigenous Day in which tribes from all over the state joined. Arts and Museums awarded grants to 199 organizations across 24 Utah counties in FY2013. Efforts are being made to encourage multi cultural youth to stay in school.

Deputy Director Somers addressed the subject of nonlapsing funds in the following areas: IT budget; digitization funds; Office of Multicultural Affairs; Office of Indian Affairs; Historical Society, dedicated credits some of which are donated funds intended for a specific use; library resources, CLEF. The Percent for Art Fund has been growing faster than need, so the agency is asking to retain all but \$721,000 which can be used for other priorities of the committee. The question of acquisition of art through donation was discussed.

Labor Commission

Zackery King, fiscal analyst, reviewed the Labor Commission materials showing how they can be found online, particularly SB4, and reported that it is a complicated budget made up primarily of federal funds, General Fund, and restricted funds. There are a lot of fees, and one change has been requested.

Sherrie Hayashi, Commissioner, and David Lamb, Director of Administrative Services, discussed their mission which is to protect the health, safety, and economic well being of both employers and employees. There are about 120 employees in the Commission. Following is the mix for the total budget:

General Fund	46%
Federal Grants	24%

Industrial Accidents Restricted Account	21%
Workplace Safety Fund	8%
Employers Reinsurance Fund	1%

Utah has primacy in the area of OSHA therefore Federal OSHA has no presence within the state except for Federal facilities. Federal Funds fluctuate with no particular pattern except that sequester did affect the state in the amount of \$72,700 in the Occupational Safety and Health program. The four restricted funds dealing with workers compensation were explained. Utah has a healthy workers compensation system with costs among the lowest in the nation. The Workers Compensation Advisory Council is effective and committed. The Workplace Safety Fund and Industrial Accident Restricted Account were explained. A breakdown of the grants made through the Workplace Safety Fund was requested. There have been approximately 3.8 workers compensation injuries per 100 workers, or about 51,000 injuries for the last fiscal year.

A measure of success of the Electronic Data Interchange Project is that in 2010, 24,485 documents concerning first reports of injury were sent to the Labor Commission which then had to be manually entered. Now only 3,751 documents are being manually entered which is a 85% reduction in manual data entry. Industrial accident records dating back to 1917 were stored on microfilm, and some of the funding appropriated in 2011 was used to digitize these images. Workers compensation waivers were discussed and the revenues generated to the Industrial Accident Restricted Account through said waivers.

Fees are charged for elevator, escalator, and boiler safety inspections. The fees don't come directly to the Commission, but they closely align with costs. The new FTE appropriated last year for an elevator inspector has allowed the Commission to decrease the number of elevator overdue units from 20% to 13% with the expectation of reaching 2% within a year. Inspectors work out of their cars which are essentially mobile offices allowing for great efficiency.

Utah OSHA is divided into consultation and compliance sections. Consultations are made at the request of employers for the purposes of educating, and no penalties are involved. Utah OSHA interventions have greatly increased partially due to the additional vehicles received and more efficient operations.

The Commission welcomed the legislative audit and has worked to implement the recommendations. A survey is issued after every judicial hearing to determine the experience of participants. The commission considers its most important function to be serving the public and seeing that people are safe at work, compensated for injury, and paid wages earned. Reporting is the least liked function. Out of state travel is related to Federal funds and required training. In state travel is due to inspections in the field. There was discussion as to whether efficiencies could come from the Commission being able to retain more of the funds which they generate.

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MOTION: Rep. Arent moved to adjourn. The motion passed unanimously with Sen. Bramble, Rep. Bird, Rep. Dunnigan, Rep. Pitcher and Rep. Romero absent for the vote.

Vice Chair Barlow adjourned the meeting at 10:47 a.m.

Sen. Brian E. Shiozawa, Chair

Rep. Jim Bird, Chair